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**REPORT OF THE AUDIT OF THE  
TRIGG COUNTY  
CLERK**

**For the Year Ended  
December 31, 2006**

**Member Kentucky Society of CPA's  
American Institute of Certified Public Accountants**

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*Kathryn A. Thissen*  
*Certified Public Accountant*

The Honorable Stanley H. Humphries, Trigg County Judge/Executive  
Honorable Wanda H. Thomas, Trigg County Clerk  
Members of the Trigg County Fiscal Court

Independent Auditor's Report

I have audited the accompanying statement of revenues, expenditures, and excess fees – regulatory basis of the County Clerk of Trigg County, Kentucky, for the year ended December 31, 2006. This financial statement is the responsibility of the County Clerk. My responsibility is to express an opinion on this financial statement based on my audit.

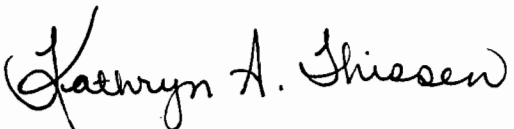
I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2006, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued a report dated July 10, 2007, on my consideration of the County Clerk's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Trigg County, Kentucky and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.



Kathryn A. Thissen  
Certified Public Accountant

July 10, 2007

TRIGG COUNTY  
WANDA H. THOMAS, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES – REGULATORY BASIS

For The Year Ended December 31, 2006

Revenues

State Fees For Services		\$	7,239
Fiscal Court			25,240
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	398,252	
Usage Tax		1,175,894	
Tangible Personal Property Tax		1,074,468	
Licenses-			
Fish and Game		8,416	
Marriage		3,312	
Occupational		1,313	
Deed Transfer Tax		95,067	
Delinquent Tax		111,724	2,868,446
Fees Collected for Services:			
Recordings-			
Deeds, Easements and Contracts		17,686	
Real Estate Mortgages		30,295	
Chattel Mortgages and Financing Statements		38,753	
Powers of Attorney		1,524	
Notary Fees		6,028	
All Other Recordings		24,715	
Charges for Other Services-			
Candidate Filing Fees		2,098	
Affordable Housing Fees		10,840	
Copywork		8,497	140,436
Other:			
Miscellaneous		1,364	
Refunds/Overpayments		6,637	8,001
Interest Earned			4,190
Total Revenues			3,053,552

The accompanying notes are an integral part of this financial statement.

TRIGG COUNTY  
WANDA H. THOMAS, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES – REGULATORY BASIS  
For The Year Ended December 31, 2006  
(Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 317,816
Usage Tax	1,139,844
Tangible Personal Property Tax	421,141

Licenses, Taxes, and Fees-

Affordable Housing Trust Fund	10,656
Fish and Game	7,967
Delinquent Tax	12,708
Legal Process Tax	13,710
	<u>\$ 1,923,842</u>

Payments to Fiscal Court:

Tangible Personal Property Tax	83,387
Delinquent Tax	12,858
Deed Transfer Tax	90,313
Occupational Licenses	1,052
	<u>187,610</u>

Payments to Other Districts:

Tangible Personal Property Tax	526,720
Delinquent Tax	55,628
	<u>582,348</u>

Payments to Sheriff 2,619

Payments to County Attorney 14,595

Operating Expenditures:

Personnel Services-

Deputies Salaries	143,655
Employee Benefits-	
Employer's Share Social Security	14,949

Contracted Services-

Printing and Binding	4,833
Computer Support Service	16,399
Office Maintenance	2,472

Materials and Supplies-

Office Supplies	18,781
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The accompanying notes are an integral part of this financial statement.

TRIGG COUNTY  
WANDA H. THOMAS, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES – REGULATORY BASIS  
For The Year Ended December 31, 2006  
(Continued)

Expenditures (Continued)

Operating Expenditures: (Continued)

Other Charges-		
Conventions and Travel	\$ 4,051	
Miscellaneous	530	
Postage and Phones	7,240	
Overpayments and Refunds	<u>10,329</u>	<u>\$ 223,239</u>
Total Expenditures		<u>\$ 2,934,253</u>
Net Revenues		119,299
Less: Statutory Maximum		<u>69,341</u>
Excess Fees		49,958
Less: Expense Allowance		3,600
Training Incentive Benefit		<u>3,302</u>
Excess Fees Due County for Calendar Year 2006		43,056
Payment to Fiscal Court-February 15, 2007		<u>43,056</u>
Balance Due Fiscal Court at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

TRIGG COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2006

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

Kentucky Revised Statute (KRS) 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31, that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2006 services
- Reimbursements for 2006 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2006

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

TRIGG COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2006  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 10.98 percent for the first six months and 13.19 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone (502) 564-4646.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The County Clerk did not have a deposit policy for custodial risk but rather followed the requirements of KRS 41.240(4). As of December 31, 2006, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Lease Agreement

The office of the County Clerk entered into a lease agreement for copiers with Canon Financial Service totaling \$18,209, with an interest rate of 5.69 percent on March 10, 2006. The agreement requires a monthly payment of \$425 for 48 months. The total balance of the agreement was \$15,452 as of December 31, 2006.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

*Kathryn A. Thissen*  
*Certified Public Accountant*

The Honorable Stanley H. Humphries, Trigg County Judge/Executive  
Honorable Wanda H. Thomas, Trigg County Clerk  
Members of the Trigg County Fiscal Court

Report On Internal Control Over Financial Reporting  
And On Compliance and Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

I have audited the statement of revenues, expenditures, and excess fees – regulatory basis of the Trigg County Clerk for the year ended December 31, 2006, and have issued my report thereon dated July 10, 2007. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Trigg County Clerk's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Trigg County Clerk's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Trigg County Clerk's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

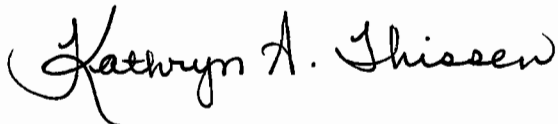
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in the internal control over financial reporting that I consider to be material weaknesses, as defined above.

Report On Internal Control Over Financial Reporting And On Compliance  
And Other Matters Based On An Audit Of The Financial Statement  
Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Trigg County Clerk's financial statement for the year ended December 31, 2006, is free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Trigg County Fiscal Court, and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in black ink, reading "Kathryn A. Thissen". The signature is written in a cursive style with a large initial "K".

Kathryn A. Thissen  
Certified Public Accountant

July 10, 2007